

Auditing Procedures Report

Instructions and MuniCodes

* = Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Village of Dansville	County* INGHAM	Type* VILLAGE	MuniCode* 33-3-010
Opinion Date-Use Calendar* Sep 1, 2008	Audit Submitted-Use Calendar* Sep 26, 2008	Fiscal Year End Month* 02	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies?
<input checked="" type="checkbox"/> ?	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> ? \$ 157,197.00
General Fund Expenditure:	<input type="checkbox"/> ? \$ 127,323.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> ? \$ 33,431.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> ?

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* Vickie	Last Name* Crouch	Ten Digit License Number* 1101013436		
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CPA Firm Name* Layton and Richardson, P.C.	Unit's Street Address* 1474 Johnson	Unit's City* Dansville	Unit's Zip* 48819	

VILLAGE OF DANSVILLE, MICHIGAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED FEBRUARY 29, 2008
AND
INDEPENDENT AUDITORS' REPORT

VILLAGE OF DANSVILLE, MICHIGAN

VILLAGE BOARD

Carole Colburn	President
Cheri Foster	Clerk
Karen Connor	Treasurer
Lyle Foster	Trustee
Jay Mitzner	Trustee
Mike Kloeckner	Trustee
Susan Kloeckner	Trustee

CONTENTS

	FINANCIAL STATEMENTS PAGE	SUPPLEMENTAL MATERIAL PAGE
INDEPENDENT AUDITORS' REPORT	1	
MANAGEMENT'S DISCUSSION AND ANALYSIS		3-6
GENERAL PURPOSE FINANCIAL STATEMENTS		
Description		
7		
Statement of Net Assets	9	
Statement of Activities	10-11	
Balance Sheet – Governmental Funds	12	
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	13	
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	14	
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15	
Statement of Net Assets – Proprietary Funds	16	
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	17	
Statement of Cash Flows – Proprietary Funds	18	
Statement of Net Assets and Governmental Funds Balance Sheet – Component Unit	19	
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets – Component Unit	20	
Statement of Revenues, Expenditures and Changes in Fund Balance and Statement of Activities – Component Unit	21	
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds to the Statement of Activities – Component Unit	22	
Notes to Financial Statements	23-30	
REQUIRED SUPPLEMENTARY INFORMATION		
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund		32-33
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Major Street Fund		34
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Local Street Fund		35
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Component Unit – Downtown Development Authority		36
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	37-38	



Layton & Richardson, P.C.

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INDEPENDENT AUDITORS' REPORT

Village Council
Village of Dansville
Dansville, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Dansville, Michigan as of and for the year ended February 29, 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Village of Dansville, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Village of Dansville, Michigan as of February 29, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2008, on our consideration of the Village of Dansville, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 6 and the required supplementary information on pages 32 through 37 are not a required part of the basic financial statement but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Dansville, Michigan's basic financial statements. The accompanying introductory section and statistical section are for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Layton & Richardson, P.C.

Certified Public Accountants

East Lansing, Michigan
September 1, 2008

MANAGEMENT DISCUSSION LETTER

As management for the Village of Dansville, we offer readers of the Village of Dansville financial statement and this overview of the financial activities of the Village of Dansville for the fiscal year ended February 29, 2008.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village of Dansville's basic financial statements. The Village of Dansville's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Village of Dansville's finances, in a manner similar to private-sector business.

The statement of net assets presents information on the Village of Dansville's assets and liabilities, with the difference between the two reported as assets.

The statement of revenue, expenditures, and changes present the Village of Dansville's activities and changes during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in statement for some items that will only result in cash flows in the future fiscal year.

Both the government-wide financial statements distinguish functions of the Village of Dansville that are principally supported by taxes and intergovernmental revenues. The governmental activities of the Village of Dansville include general government, sewer, water, cemetery, public works, and maintenance.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village of Dansville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Dansville are governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statement. However, unlike the government-wide financial statement, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources.

The Village of Dansville adopts an annual budget each fiscal year that is approved by the Dansville Village Council. During the reported fiscal year, no amendments were made to the annual budget.

Overview of Governmental Funds

The following overview of the Governmental Funds for the Village of Dansville is a condensed financial overview of the assets, capital assets, revenues and expenditures of the reported fiscal year.

VILLAGE OF DANSVILLE FINANCIAL INFORMATION

<u>Category</u>	<u>2008</u>
Assets	\$ 130,647
Capital Assets	1,277,866
TOTAL ASSETS	1,408,513
Liabilities	852,834
\$ invested in capital assets, net of related debt	435,866
Unrestricted assets	119,813
 GENERAL FUND	
Taxes	99,420
Licenses/Permits	3,133
Grants	70,545
Misc.	37,486
Interest	81
TOTAL REVENUES	210,665
TOTAL EXPENSES	170,508
EXCESS	40,157
TRANSFERS	(58,676)
CHANGE IN NET ASSETS	(18,519)
ENDING NET ASSETS	50,691

OTHER FUNDS

Major Street Fund

Revenue	\$ 22,380
Expenses	27,314
Change in fund balance	(4,934)
Ending Balance	(398)

Local Street Fund

Revenue	31,088
Expenses	14,828
Transfers	(17,118)
Change in fund balance	(858)
Ending Balance	(255)

Cemetery Perpetual Care

Revenue	
Transfers	
Change in fund balance	
Ending Balance	13,914

Sewer Fund

Revenue	59,986
Expenses	90,638
Transfers	10,000
Change in net assets	(20,652)
Ending Balance	26,754

Water Fund

Revenue	12,465
Expenses	42,965
Transfers	7,500
Change in net assets	(23,000)
Ending Balance	(10,689)

Tower Fund

Revenue	
Expenses	23,523
Transfers	31,505
Change in net assets	7,982
Ending Balance	10,426

Equipment Fund

Revenue	34,085
Expenses	41,311
Change in net assets	(7,226)
Ending Balance	(130)

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in this report. The Notes to Financial Statements can be found on pages 23-30 of this report.

Requests For Information

This financial report is designed to provide a general overview of the Village of Dansville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Clerk, Cheri Foster, P.O. Box 236, Dansville, MI 48819.

GENERAL PURPOSE FINANCIAL STATEMENTS

General purpose financial statements provide a summary overview of the financial position of all funds and account groups and of the operating results of all funds. They also serve as an introduction to the more detailed statements and schedules that follow.

VILLAGE OF DANSVILLE, MICHIGAN

STATEMENT OF NET ASSETS

FEBRUARY 29, 2008

	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
ASSETS				
Cash and cash equivalents	\$ 46,156	\$ 11,915	\$ 58,071	\$ 239,606
Restricted cash		66,065	66,065	
Due from state	6,511		6,511	
Capital assets	<u>3,999</u>	<u>1,273,867</u>	<u>1,277,866</u>	<u>450,363</u>
TOTAL ASSETS	<u>\$ 56,666</u>	<u>\$ 1,351,847</u>	<u>\$ 1,408,513</u>	<u>\$ 689,969</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 5,975	\$ 4,859	\$ 10,834	\$ 5,270
Contract payable	<u></u>	<u>8,000</u>	<u>8,000</u>	<u>83,000</u>
Total Current Liabilities	<u>5,975</u>	<u>12,859</u>	<u>18,834</u>	<u>88,270</u>
Long-Term Liabilities				
Contract payable	<u></u>	<u>834,000</u>	<u>834,000</u>	<u></u>
TOTAL LIABILITIES	<u>5,975</u>	<u>846,859</u>	<u>852,834</u>	<u>88,270</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,999	431,867	435,866	367,363
Unrestricted	<u>46,692</u>	<u>73,121</u>	<u>119,813</u>	<u>234,336</u>
TOTAL NET ASSETS	<u>50,691</u>	<u>504,988</u>	<u>555,679</u>	<u>601,699</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 56,666</u>	<u>\$ 1,351,847</u>	<u>\$ 1,408,513</u>	<u>\$ 689,969</u>

VILLAGE OF DANSVILLE, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED FEBRUARY 29, 2008

		PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
	EXPENSES		
FUNCTIONS/PROGRAMS			
Primary Government			
Governmental activities			
Legislative	\$ 6,450	\$	\$
General government	74,674	32,228	38,048
Highways and streets	42,142		32,497
Public safety	3,811		
Public works	28,510		
Recreation and culture	14,921		
Total Governmental Activities	<u>170,508</u>	<u>32,228</u>	<u>70,545</u>
Business-Type Activities			
Sewer	90,638	55,599	
Water	42,965	12,465	
Tower	23,523		
Equipment rental	41,311	34,085	
Total Business-Type Activities	<u>198,437</u>	<u>102,149</u>	
Total Primary Government	<u>\$ 368,945</u>	<u>\$ 134,377</u>	<u>\$ 70,545</u>
Component Units			
Downtown development authority	<u>\$ 296,740</u>	<u>\$ 16,795</u>	<u>\$</u>

General Revenues
 Property taxes levied for general purposes
 Licenses and permits
 Miscellaneous
 Unrestricted investment earnings
 Transfers
 Total General Revenues and Transfers
 Change in Net Assets
 Net Assets, March 1
 Net Assets, February 29

See accompanying notes to financial statements.

PROGRAM REVENUES CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL	
\$	\$ (6,450)	\$	\$ (6,450)	\$
	(4,398)		(4,398)	
	(9,645)		(9,645)	
	(3,811)		(3,811)	
	(28,510)		(28,510)	
	(14,921)		(14,921)	
	(67,735)		(67,735)	
		(35,039)	(35,039)	
		(30,500)	(30,500)	
		(23,523)	(23,523)	
		(7,226)	(7,226)	
		(96,288)	(96,288)	
\$	(67,735)	(96,288)	(164,023)	
\$				(279,945)
	99,420		99,420	199,760
	3,133		3,133	
	5,258		5,258	
	81	4,387	4,468	3,048
	(58,676)	49,005	(9,671)	9,671
	49,216	53,392	102,608	212,479
	(18,519)	(42,896)	(61,415)	(67,466)
	69,210	547,884	617,094	669,165
\$	\$ 50,691	\$ 504,988	\$ 555,679	\$ 601,699

VILLAGE OF DANSVILLE, MICHIGAN

BALANCE SHEET

GOVERNMENTAL FUNDS

FEBRUARY 29, 2008

	GENERAL	MAJOR STREET	LOCAL STREET	CEMETERY PERPETUAL CARE	TOTAL GOVERN- MENTAL FUNDS
ASSETS					
Cash and cash equivalents	\$ 30,765	\$ 1,352	\$ 125	\$ 13,914	\$ 46,156
Due from state	<u>6,511</u>	<u></u>	<u></u>	<u></u>	<u>6,511</u>
TOTAL ASSETS	<u>\$ 37,276</u>	<u>\$ 1,352</u>	<u>\$ 125</u>	<u>\$ 13,914</u>	<u>\$ 52,667</u>
LIABILITIES					
Accounts payable	<u>\$ 3,845</u>	<u>\$ 1,750</u>	<u>\$ 380</u>	<u>\$</u>	<u>\$ 5,975</u>
FUND BALANCE					
Unrestricted, unreserved	<u>33,431</u>	<u>(398)</u>	<u>(255)</u>	<u>13,914</u>	<u>46,692</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 37,276</u>	<u>\$ 1,352</u>	<u>\$ 125</u>	<u>\$ 13,914</u>	<u>\$ 52,667</u>

See accompanying notes to financial statements.

VILLAGE OF DANSVILLE, MICHIGAN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
FEBRUARY 29, 2008

Total fund balances - governmental funds		\$	46,692
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:			
Building and improvements	\$	7,303	
Accumulated depreciation		<u>(3,304)</u>	
			<u>3,999</u>
Total net assets - governmental activities		\$	<u><u>50,691</u></u>

VILLAGE OF DANSVILLE, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED FEBRUARY 29, 2008

	GENERAL	MAJOR STREET	LOCAL STREET	CEMETERY PERPETUAL CARE	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 78,500	\$	\$ 20,920	\$	\$ 99,420
Licenses and permits	3,133				3,133
State grants	38,048	22,371	10,126		70,545
Charges for services	32,228				32,228
Miscellaneous	5,258				5,258
Interest	30	9	42		81
TOTAL REVENUES	<u>157,197</u>	<u>22,380</u>	<u>31,088</u>		<u>210,665</u>
EXPENDITURES					
Legislative	6,450				6,450
General government	52,204				52,204
Highways and streets		27,314	14,828		42,142
Public safety	3,811				3,811
Public works	49,937				49,937
Recreation and culture	14,921				14,921
TOTAL EXPENDITURES	<u>127,323</u>	<u>27,314</u>	<u>14,828</u>		<u>169,465</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)					
	<u>29,874</u>	<u>(4,934)</u>	<u>16,260</u>		<u>41,200</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	38,058				38,058
Transfers out	(79,616)		(17,118)		(96,734)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(41,558)</u>		<u>(17,118)</u>		<u>(58,676)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)					
	(11,684)	(4,934)	(858)		(17,476)
FUND BALANCE, MARCH 1					
	<u>45,115</u>	<u>4,536</u>	<u>603</u>	<u>13,914</u>	<u>64,168</u>
FUND BALANCE, FEBRUARY 29					
	<u>\$ 33,431</u>	<u>\$ (398)</u>	<u>\$ (255)</u>	<u>\$ 13,914</u>	<u>\$ 46,692</u>

See accompanying notes to financial statements.

VILLAGE OF DANSVILLE, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED FEBRUARY 29, 2008

Net change in fund balances - total governmental funds	\$ (17,476)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	
Less: current year depreciation	(1,043)
Loss on current year capital asset disposals	
Change in net assets of governmental activities	<u>\$ (18,519)</u>

VILLAGE OF DANSVILLE, MICHIGAN

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

FEBRUARY 29, 2008

	SEWER	WATER	TOWER	EQUIPMENT RENTAL	TOTAL
ASSETS					
Current Assets					
Cash	\$ 7,771	\$ 894	\$ 2,426	\$ 824	\$ 11,915
Fixed Assets					
Sewer plant and mains	927,676	114,781			1,042,457
Construction in progress			850,000		850,000
Equipment				85,803	85,803
Accumulated depreciation	(593,406)	(26,408)		(84,579)	(704,393)
Net Fixed Assets	334,270	88,373	850,000	1,224	1,273,867
Restricted Assets					
Cash in bank - debt service	66,065				66,065
TOTAL ASSETS	\$ 408,106	\$ 89,267	\$ 852,426	\$ 2,048	\$ 1,351,847
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 2,576	\$ 105	\$	\$ 2,178	\$ 4,859
Contract payable - current			8,000		8,000
Total Current Liabilities	2,576	105	8,000	2,178	12,859
Other Liabilities					
Contract payable			834,000		834,000
TOTAL LIABILITIES	2,576	105	842,000	2,178	846,859
NET ASSETS					
Contributed capital	378,776	99,851			478,627
Retained earnings	26,754	(10,689)	10,426	(130)	26,361
TOTAL NET ASSETS	405,530	89,162	10,426	(130)	504,988
TOTAL LIABILITIES AND NET ASSETS	\$ 408,106	\$ 89,267	\$ 852,426	\$ 2,048	\$ 1,351,847

VILLAGE OF DANSVILLE, MICHIGAN

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

FOR THE YEAR ENDED FEBRUARY 29, 2008

	SEWER	WATER	TOWER	EQUIPMENT RENTAL	TOTAL
REVENUES					
Sewer and water billings	\$ 55,599	\$ 10,677	\$	\$	\$ 66,276
Sewer and water installation		1,788			1,788
Equipment rental				34,085	34,085
Interest	4,387				4,387
TOTAL REVENUES	59,986	12,465		34,085	106,536
EXPENDITURES					
Salaries	19,119	9,435		7,607	36,161
Payroll taxes	1,377	980		541	2,898
Operating supplies	2,289	5,179		19,271	26,739
Contracted services	23,694	12,000		7,172	42,866
Utilities	7,798	1,744			9,542
Small equipment				6,300	6,300
Insurance	574				574
Administration fee		354	18		372
Miscellaneous		4,403			4,403
Equipment rental	12,000	6,000			18,000
TOTAL EXPENDITURES	66,851	40,095	18	40,891	147,855
DEFICIENCY OF REVENUES OVER EXPENDITURES	(6,865)	(27,630)	(18)	(6,806)	(41,319)
OTHER FINANCING SOURCES (USES)					
Depreciation	(23,787)	(2,870)		(420)	(27,077)
Interest			(23,505)		(23,505)
Transfer in	10,000	7,500	31,505		49,005
TOTAL OTHER FINANCING SOURCES (USES)	(13,787)	4,630	8,000	(420)	(1,577)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(20,652)	(23,000)	7,982	(7,226)	(42,896)
FUND NET ASSETS, MARCH 1	47,406	12,311	2,444	7,096	69,257
FUND NET ASSETS, FEBRUARY 29	\$ 26,754	\$ (10,689)	\$ 10,426	\$ (130)	\$ 26,361

See accompanying notes to financial statements.

VILLAGE OF DANSVILLE, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED FEBRUARY 29, 2008

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				
	SEWER	WATER	TOWER	EQUIPMENT RENTAL	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 55,599	\$ 12,465	\$	\$ 34,085	\$ 102,149
Cash payment for goods and services	(15,605)	(26,705)	(18)	(30,145)	(72,473)
Cash payment for employees	<u>(20,496)</u>	<u>(10,415)</u>		<u>(8,148)</u>	<u>(39,059)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>19,498</u>	<u>(24,655)</u>	<u>(18)</u>	<u>(4,208)</u>	<u>(9,383)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfers in	<u>10,000</u>	<u>7,500</u>	<u>31,505</u>		<u>49,005</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment on contract payable			(8,000)		(8,000)
Interest paid			(23,505)		(23,505)
Interest received	<u>4,387</u>				<u>4,387</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>4,387</u>		<u>(31,505)</u>		<u>(27,118)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	33,885	(17,155)	(18)	(4,208)	12,504
CASH AND CASH EQUIVALENTS, MARCH 1	<u>39,951</u>	<u>18,049</u>	<u>2,444</u>	<u>5,032</u>	<u>65,476</u>
CASH AND CASH EQUIVALENTS, FEBRUARY 29	<u>\$ 73,836</u>	<u>\$ 894</u>	<u>\$ 2,426</u>	<u>\$ 824</u>	<u>\$ 77,980</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating loss	\$ <u>(6,865)</u>	\$ <u>(27,630)</u>	\$ <u>(18)</u>	\$ <u>(6,806)</u>	\$ <u>(41,319)</u>
Adjustments to reconcile operating loss loss to net cash provided by operating activities					
Depreciation	23,787	2,870		420	27,077
Increase in accounts payable	<u>2,576</u>	<u>105</u>		<u>2,178</u>	<u>4,859</u>
Total Adjustments	<u>26,363</u>	<u>2,975</u>		<u>2,598</u>	<u>31,936</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 19,498</u>	<u>\$ (24,655)</u>	<u>\$ (18)</u>	<u>\$ (4,208)</u>	<u>\$ (9,383)</u>

See accompanying notes to financial statements.

VILLAGE OF DANSVILLE, MICHIGAN

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET

COMPONENT UNIT

FEBRUARY 29, 2008

	SPECIAL REVENUE	ADJUSTMENTS	STATEMENT OF NET ASSETS
ASSETS			
Cash in bank	\$ 239,606	\$	\$ 239,606
Capital assets net of accumulated depreciation	<u> </u>	<u>450,363</u>	<u>450,363</u>
TOTAL ASSETS	\$ <u>239,606</u>	\$ <u>450,363</u>	\$ <u>689,969</u>
LIABILITIES			
Accounts payable	\$ 5,270	\$	\$ 5,270
Notes payables	<u> </u>	<u>83,000</u>	<u>83,000</u>
TOTAL LIABILITIES	5,270	83,000	88,270
FUND BALANCE	<u>234,336</u>	<u>367,363</u>	<u>601,699</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>239,606</u>	\$ <u>450,363</u>	\$ <u>689,969</u>

VILLAGE OF DANSVILLE, MICHIGAN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
COMPONENT UNIT
FEBRUARY 29, 2008

Total fund balances - governmental funds	\$ 234,336
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$490,240 and the accumulated depreciation is \$39,877.	450,363
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of:	
Bonds payable	<u>(83,000)</u>
Total net assets - governmental activities	\$ <u><u>601,699</u></u>

VILLAGE OF DANSVILLE, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE AND STATEMENT OF ACTIVITIES
COMPONENT UNIT
FOR THE YEAR ENDED FEBRUARY 29, 2008

	SPECIAL REVENUE	ADJUSTMENTS	STATEMENT OF ACTIVITIES
EXPENDITURES/EXPENSES			
Development and cost of sales	\$ 119,591	\$	\$ 119,591
Salaries	3,000		3,000
Attorney	2,374		2,374
Accounting	1,000		1,000
Insurance	22,254		22,254
Supplies	2,151		2,151
Taxes	4,679		4,679
TIFA repayment	114,543		114,543
Interest	3,620		3,620
Utilities	7,305		7,305
Marketing and promotions	550		550
Depreciation		14,920	14,920
Miscellaneous	753		753
TOTAL EXPENDITURES	<u>281,820</u>	<u>14,920</u>	<u>296,740</u>
GENERAL REVENUES			
Property taxes	199,760		199,760
Interest earned	3,048		3,048
Rent	16,795		16,795
TOTAL GENERAL REVENUES	<u>219,603</u>		<u>219,603</u>
CHANGES IN NET ASSETS	<u>(62,217)</u>	<u>(14,920)</u>	<u>(77,137)</u>
OTHER FINANCING SOURCES (USES)			
Transfer in	79,616		79,616
Transfer out	(69,945)		(69,945)
TOTAL OTHER FINANCING SOURCES (USES)	<u>9,671</u>		<u>9,671</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	(52,546)	(14,920)	(67,466)
FUND BALANCE/NET ASSETS, MARCH 1	<u>286,882</u>	<u>382,283</u>	<u>669,165</u>
FUND BALANCE/NET ASSETS, FEBRUARY 29	<u><u>\$ 234,336</u></u>	<u><u>\$ 367,363</u></u>	<u><u>\$ 601,699</u></u>

See accompanying notes to financial statements.

VILLAGE OF DANSVILLE, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
COMPONENT UNIT
FOR THE YEAR ENDED FEBRUARY 29, 2008

Net change in fund balances - total governmental funds	\$ (52,546)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	
Less: current year depreciation	(14,920)
Loss on current year capital asset disposals	

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Payment on long-term debt

Change in net assets of governmental activities	\$ <u>(67,466)</u>
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VILLAGE OF DANSVILLE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

FEBRUARY 29, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Dansville is located in Ingham County, Michigan and operates under an elected village council. The Village provides general government operations including water service and sewage disposal services.

The accounting policies of the Village of Dansville conform to U.S. generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

All funds and account groups under direct control of the Village are included in this report. These funds and account groups are those which meet the criteria established by Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, and Statement on Michigan Governmental Accounting and Auditing No.5.

The criteria established by GASB for determining which of the Village's various organizations and activities are to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Village.

Discretely Presented Component Units

The following entity is listed as a discretely presented component unit of the Village in the component unit column to emphasize their legally separate status from the primary government. The Village is financially accountable, and exclusion from the basic financial statements would be misleading or incomplete.

Downtown Development Authority

Complete financial statements for the individual component unit are included in this report.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Village of Dansville, Michigan and its component unit. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for services. The primary government of the Village of Dansville, Michigan is reported separately from certain legally separate component units for which the Village of Dansville, Michigan, the primary government, is financially accountable.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

B. Government-Wide and Fund Financial Statements - Concluded

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to fund liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Village of Dansville.

The Village of Dansville reports the following major governmental funds:

- The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those to be accounted for in another fund.
- The Major Street Fund accounts for maintenance on the primary roads.
- The Local Street Fund accounts for maintenance on the secondary roads.
- The Cemetery Fund is used to collect interest on the cash in the fund.

The Village of Dansville reports the following major proprietary funds:

- The Sewer Fund accounts for all the activities related to the operation of the sewer.
- The Water Fund accounts for all the activities related to the operation of the water department.
- The Equipment Rental Fund is used to account for the maintenance on vehicles and other equipment rented out to other departments.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statements - Concluded

Additionally, the Village of Dansville reports the following fund types:

Special Revenue Funds are used to finance particular activities and are created out of receipts of specific taxes or other earmarked revenues. Such funds are authorized by statutory provisions to pay for certain activities with some special form of continuing revenues.

The Cemetery Trust fund, a Permanent Fund, is used to account for resources legally held in trust to be used for cemetery perpetual care. All earnings of the fund, including any earnings on invested resources, may be used to support the organization's activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village of Dansville has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services and privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general revenue.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from provided services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village of Dansville's policy to use restricted resources first. Unrestricted resources are used as they are needed.

D. Budgetary Accounting Controls

The General and certain Special Revenue funds are subject to cash basis budgetary control. Formal budgets are adopted (as required by law) and budgetary transfers, additional appropriations from additional revenues received or from unexpended funds appropriated but not spent in prior years, etc., are made as and when required. Under the Village's budget procedures, amounts appropriated by functional classification as revenue and expenditures of the General fund include interfund transfers. Since such transfers represent internal transactions within the Village government, they are reported separately in the financial statements of the various funds. Budgets lapse at the end of the fiscal year.

E. Receivables

Receivables have been recognized for all significant amounts due the Village. No allowances have been made for non-collectable accounts because most delinquent receivables can be added to the tax roll if they remain unpaid and become a lien against the property.

F. Cash and Cash Equivalents

For purposes of the statements of cash flows, the proprietary and fiduciary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Continued

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village of Dansville as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

ASSET CLASS	DEPRECIABLE LIFE
Land	n/a
Land improvements	10-20 years
Buildings	10-40 years
Equipment	5-20 years
Vehicles	3-10 years
Utility systems	10-40 years
Streets	20-25 years
Bridges	20-25 years
Sidewalks	20-25 years

H. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuances costs, whether or not withheld from the actual debt received, are reported as debt service.

I. Property Tax Revenue

Properties are assessed as of December 31, and the related taxes become a lien on July 1 of the following year. These taxes are due on August 31, with a final collection date of February 28 before they are returned to the County as delinquent.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - Concluded

J. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: **EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Village for these budgetary funds were adopted to the activity level.

During the year ended February 29, 2008, the Village did incur expenditures in certain budgetary funds that were in excess of the amounts appropriated.

	BUDGET	ACTUAL	VARIANCE
General Fund			
Public safety	\$	\$ 3,811	\$(3,811)
Major Street			
Maintenance	24,948	27,314	(2,366)

NOTE 3: **CAPITAL ASSETS**

A summary of changes in governmental capital assets including internal service fund assets are as follows:

	MARCH 1, 2007	ADDITIONS	DELETIONS	FEBRUARY 29, 2008
Capital assets being depreciated				
Machinery and equipment	\$ 7,303	\$	\$	\$ 7,303
Less: accumulated depreciation				
Machinery and equipment	<u>2,261</u>	<u>1,043</u>	<u> </u>	<u>3,304</u>
Total capital assets being depreciated - net	<u>\$ 5,042</u>	<u>\$ 1,043</u>	<u>\$ </u>	<u>\$ 3,999</u>

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

GOVERNMENTAL ACTIVITY	AMOUNT
General government	<u>\$ 1,043</u>

NOTE 3: **CAPITAL ASSETS** - Continued

A summary of the asset activity for the business-type activities is as follows:

	MARCH 1, 2007	ADDITIONS	DELETIONS	FEBRUARY 29, 2008
BUSINESS-TYPE ACTIVITIES				
Capital assets being depreciated				
Sewer plant and mains	\$ 1,042,457	\$	\$	\$ 1,042,457
Equipment	85,803			85,803
Construction in progress	<u>718,314</u>	<u>131,686</u>	<u> </u>	<u>850,000</u>
Total capital assets being depreciated	<u>1,846,574</u>	<u>131,686</u>	<u> </u>	<u>1,978,260</u>
Less: accumulated depreciation				
Sewer plant and mains	593,157	26,657		619,814
Equipment	<u>84,159</u>	<u>420</u>	<u> </u>	<u>84,579</u>
Total accumulated depreciation	<u>677,316</u>	<u>27,077</u>	<u> </u>	<u>704,393</u>
NET CAPITAL ASSETS	<u><u>\$ 1,169,258</u></u>	<u><u>\$ 104,609</u></u>	<u><u>\$ </u></u>	<u><u>\$ 1,273,867</u></u>

Depreciation expense for business-type activities was charged to the following functions and activities of the primary government:

GOVERNMENTAL ACTIVITY	AMOUNT
Sewer	\$ 23,787
Water	2,870
Equipment rental	<u>420</u>
	<u><u>\$ 27,077</u></u>

A summary of the asset activity for the governmental activity component unit is as follows:

	MARCH 1, 2007	ADDITIONS	DELETIONS	FEBRUARY 29, 2008
COMPONENT UNIT				
Capital assets not being depreciated				
Land	\$ <u>252,957</u>	\$ <u> </u>	\$ <u> </u>	\$ <u>252,957</u>
Capital assets being depreciated				
Buildings	50,000			50,000
Equipment	70,137			70,137
Improvements	<u>117,146</u>	<u> </u>	<u> </u>	<u>117,146</u>
Total capital assets being depreciated	<u>237,283</u>	<u> </u>	<u> </u>	<u>237,283</u>
Less: accumulated depreciation				
Buildings	6,624	1,282		7,906
Machinery and equipment	13,359	10,020		23,379
Improvements	<u>4,974</u>	<u>3,618</u>	<u> </u>	<u>8,592</u>
Total accumulated depreciation	<u>24,957</u>	<u>14,920</u>	<u> </u>	<u>39,877</u>

NOTE 3: **CAPITAL ASSETS** - Concluded

	MARCH 1, 2007	ADDITIONS	DELETIONS	FEBRUARY 29, 2008
COMPONENT UNIT - Concluded				
Total capital assets being depreciated	\$ <u>212,326</u>	\$ (<u>14,920</u>)	\$ _____	\$ <u>197,406</u>
NET CAPITAL ASSETS	\$ <u><u>465,283</u></u>	\$ (<u><u>14,920</u></u>)	\$ <u><u> </u></u>	\$ <u><u>450,363</u></u>

NOTE 4: **LONG-TERM OBLIGATIONS**

The annual requirements to amortize long-term debt outstanding as of February 29, 2008, including interest of \$5,700 are as follows:

YEAR ENDING FEBRUARY 29, 2008	GENERAL OBLIGATION
	\$ <u><u>83,000</u></u>

NOTE 5: **OPERATING TRANSFERS**

The operating transfers between funds are as follows:

FUND	TRANSFER IN	FUND	TRANSFER OUT
Tower	\$ 31,505	Local street	\$ 17,118
Water	7,500	General	41,558
Sewer	10,000		
DDA	<u>9,671</u>		<u> </u>
	\$ <u><u>58,676</u></u>		\$ <u><u>58,676</u></u>

The transfers were made for cash flow purposes.

NOTE 6: **FHA CONTRACT PAYABLE – TOWER FUND**

Obligation of the Village Tower Fund and payments have been made by DDA.

FISCAL YEAR	RATE	PRINCIPAL	INTEREST	TOTAL
2009	4.25%	\$ 8,000	\$ 35,785	\$ 43,785
2010	4.25	8,000	35,445	43,445
2011	4.25	9,000	35,105	44,105
2012	4.25	9,000	34,723	43,723
2013	4.25	10,000	34,340	44,340
2014-2018	4.25	56,000	165,028	221,028
2019-2023	4.25	69,000	152,023	221,023
2024-2028	4.25	87,000	135,915	222,915
2029-2033	4.25	110,000	115,600	225,600
2034-2038	4.25	137,000	90,058	227,058
2039-2043	4.25	171,000	58,140	229,140
2044-2046	4.25	<u>168,000</u>	<u>16,363</u>	<u>184,363</u>
TOTAL		\$ <u><u>842,000</u></u>	\$ <u><u>908,525</u></u>	\$ <u><u>1,750,525</u></u>

NOTE 7: **CASH AND INVESTMENTS**

The captions on the combined balance sheet relating to cash and investments are as follows:

Cash and cash equivalents	\$ 297,677
Restricted cash	<u>66,065</u>
TOTAL	<u>\$ 363,742</u>

A summary by type are:

Deposits	
Cash in demand accounts	<u>\$ 363,742</u>

Deposits. At year-end, the banks were carrying a cash balance of \$91,313. These deposit classifications are covered by Federal Depository Insurance as follows:

Non-debt deposits were insured up to \$100,000, leaving a balance of \$291,313 uninsured.

Investments. Act 196, P.A. 1997, authorizes the Village to deposit and invest in the following:

- (a) Bonds, securities and other direct obligations of the United States or its agencies.
- (b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under section 5 or 6 of Act 105, P.A. 1855, as amended (MCL 21.145 and 21.146).
- (c) Commercial paper rated at time of purchase within the two highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after the date of purchase.
- (d) Repurchase agreements consisting of instruments listed in subdivision (a).
- (e) Bankers' acceptance of United States banks.
- (f) Obligation of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (g) Investment pools organized under the local government investment pool act.

Investments of the Village are in accordance with statutory authority.

There are three levels of risk by which investments are classified. Category 1 includes investments that are insured or registered or for which the securities are held by the Village or its agent in the Village's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Village's name. There are \$0 in investments classified under Category 2 and \$0 in pooled investment funds which cannot be classified.

NOTE 8: **FUND DEFICITS**

The following funds had a deficit balance at February 29, 2008:

FUND	AMOUNT
Major Street	\$(<u>398</u>)
Local Street	\$(<u>255</u>)
Equipment Rental	\$(<u>130</u>)
Water	\$(<u>10,689</u>)

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF DANSVILLE, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED FEBRUARY 29, 2008

	BUDGET			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	AMENDED	ACTUAL	
REVENUES				
Property Taxes	\$ 78,000	\$ 78,000	\$ 78,500	\$ 500
Licenses and Permits				
Non-business licenses			3,133	3,133
State Grants				
State revenue sharing	36,600	36,600	37,240	640
Liquor licenses	800	800	808	8
Total State Grants	37,400	37,400	38,048	648
Charges For Services				
Refuse collection	20,700	20,700	20,737	37
Cemetery lot sales			4,175	4,175
Cemetery foundations			1,533	1,533
Cemetery open - close			5,783	5,783
Total Charges For Services	20,700	20,700	32,228	11,528
Miscellaneous				
Interest			30	30
Cable franchise	1,300	1,300	1,311	11
Rent	13,400	13,400		(13,400)
Refunds and rebates			241	241
Miscellaneous			3,706	3,706
DDA for public works	4,500	4,500		(4,500)
Total Miscellaneous	19,200	19,200	5,288	(13,912)
TOTAL REVENUES	155,300	155,300	157,197	1,897
EXPENDITURES				
Legislative				
Village council	6,650	6,650	6,450	200
General Government				
Elections				
Legal	3,000	3,000		3,000
Clerk	6,956	6,956	6,256	700
Treasurer	3,920	3,920	2,160	1,760
Village hall and grounds	20,000	20,000	15,394	4,606
Village property	6,200	6,200	5,009	1,191
Cemetery	13,685	13,685	12,216	1,469
Unallocated	12,600	12,600	11,169	1,431
Total General Government	66,361	66,361	52,204	14,157

VILLAGE OF DANSVILLE, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - Concluded
GENERAL FUND
FOR THE YEAR ENDED FEBRUARY 29, 2008

	<u>BUDGET</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>AMENDED</u>	<u>ACTUAL</u>	<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
EXPENDITURES - Concluded				
Public Safety				
Building inspection	\$ <u> </u>	\$ <u> </u>	\$ <u> 3,811</u>	\$ <u> (3,811)</u>
Public Works				
Street lighting	11,000	11,000	10,856	144
Department of public works	18,852	18,852	17,654	1,198
Garbage collection	<u>22,150</u>	<u>22,150</u>	<u>21,427</u>	<u>723</u>
Total Public Works	<u>52,002</u>	<u>52,002</u>	<u>49,937</u>	<u>2,065</u>
Culture and Recreation				
Parks and recreation	<u>6,500</u>	<u>6,500</u>	<u>14,921</u>	<u>(8,421)</u>
TOTAL EXPENDITURES	<u>131,513</u>	<u>131,513</u>	<u>127,323</u>	<u>4,190</u>
EXCESS OF				
REVENUES OVER				
EXPENDITURES	<u>23,787</u>	<u>23,787</u>	<u>29,874</u>	<u>6,087</u>
OTHER FINANCING SOURCES (USES)				
Transfer in			38,058	38,058
Transfer out	<u>(78,000)</u>	<u>(78,000)</u>	<u>(79,616)</u>	<u>(1,616)</u>
TOTAL OTHER FINANCING				
SOURCES (USES)	<u>(78,000)</u>	<u>(78,000)</u>	<u>(41,558)</u>	<u>36,442</u>
EXCESS (DEFICIENCY) OF				
REVENUES AND OTHER SOURCES				
OVER EXPENDITURES	(54,213)	(54,213)	(11,684)	42,529
FUND BALANCE, MARCH 1	<u>45,115</u>	<u>45,115</u>	<u>45,115</u>	<u> </u>
FUND BALANCE, FEBRUARY 29	\$ <u><u>(9,098)</u></u>	\$ <u><u>(9,098)</u></u>	\$ <u><u>33,431</u></u>	\$ <u><u>42,529</u></u>

VILLAGE OF DANSVILLE, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
MAJOR STREET FUND
FOR THE YEAR ENDED FEBRUARY 29, 2008

	<u>BUDGET</u>			<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>AMENDED</u>	<u>ACTUAL</u>	<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
REVENUES				
Gas and weight tax	\$ 21,000	\$ 21,000	\$ 22,371	\$ 1,371
Interest earned	<u>10</u>	<u>10</u>	<u>9</u>	<u>(1)</u>
TOTAL REVENUES	<u>21,010</u>	<u>21,010</u>	<u>22,380</u>	<u>1,370</u>
EXPENDITURES				
Adminstration	360	360		360
Maintenance	<u>24,948</u>	<u>24,948</u>	<u>27,314</u>	<u>(2,366)</u>
TOTAL EXPENDITURES	<u>25,308</u>	<u>25,308</u>	<u>27,314</u>	<u>(2,006)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(4,298)	(4,298)	(4,934)	(636)
FUND BALANCE, MARCH 1	<u>4,536</u>	<u>4,536</u>	<u>4,536</u>	
FUND BALANCE, FEBRUARY 29	<u>\$ 238</u>	<u>\$ 238</u>	<u>\$ (398)</u>	<u>\$ (636)</u>

VILLAGE OF DANSVILLE, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LOCAL STREET FUND
FOR THE YEAR ENDED FEBRUARY 29, 2008

	BUDGET			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	AMENDED	ACTUAL	
REVENUES				
Property taxes	\$ 38,000	\$ 38,000	\$ 20,920	\$ (17,080)
Gas and weight tax	9,300	9,300	10,126	826
Interest earned			42	42
TOTAL REVENUES	<u>47,300</u>	<u>47,300</u>	<u>31,088</u>	<u>(16,212)</u>
EXPENDITURES				
Adminstration	360	360		360
Maintenance	<u>17,847</u>	<u>17,847</u>	<u>14,828</u>	<u>3,019</u>
TOTAL EXPENDITURES	<u>18,207</u>	<u>18,207</u>	<u>14,828</u>	<u>3,379</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	29,093	29,093	16,260	(12,833)
OTHER FINANCING USES				
Transfer out	<u>(17,200)</u>	<u>(17,200)</u>	<u>(17,118)</u>	<u>82</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	11,893	11,893	(858)	(12,751)
FUND BALANCE, MARCH 1	<u>603</u>	<u>603</u>	<u>603</u>	
FUND BALANCE, FEBRUARY 29	<u>\$ 12,496</u>	<u>\$ 12,496</u>	<u>\$ (255)</u>	<u>\$ (12,751)</u>

VILLAGE OF DANSVILLE, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE YEAR ENDED FEBRUARY 29, 2008

	BUDGET			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	AMENDED	ACTUAL	
REVENUES				
Property taxes	\$ 204,700	\$ 204,700	\$ 199,760	\$ (4,940)
Interest earned			3,048	3,048
Rent			16,795	16,795
TOTAL REVENUES	<u>204,700</u>	<u>204,700</u>	<u>219,603</u>	<u>14,903</u>
EXPENDITURES				
Development and cost of sales	244,500	244,500	119,591	124,909
Salaries	7,535	7,535	3,000	4,535
Attorney	2,000	2,000	2,374	(374)
Accounting	1,000	1,000	1,000	
Insurance	25,000	25,000	22,254	2,746
Supplies	3,500	3,500	2,151	1,349
Taxes	2,100	2,100	4,679	(2,579)
Interest			3,620	(3,620)
Utilities	7,000	7,000	7,305	(305)
TIFA repayment	60,500	60,500	34,927	25,573
Miscellaneous			753	(753)
Marketing and promotions	<u>1,000</u>	<u>1,000</u>	<u>550</u>	<u>450</u>
TOTAL EXPENDITURES	<u>354,135</u>	<u>354,135</u>	<u>202,204</u>	<u>151,931</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(149,435)	(149,435)	17,399	166,834
OTHER FINANCING USES				
Transfer out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(69,945)</u>	<u>(44,945)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	(174,435)	(174,435)	(52,546)	121,889
FUND BALANCE, MARCH 1	<u>286,882</u>	<u>286,882</u>	<u>286,882</u>	
FUND BALANCE, FEBRUARY 29	<u>\$ 112,447</u>	<u>\$ 112,447</u>	<u>\$ 234,336</u>	<u>\$ 121,889</u>



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Village Council
Village of Dansville
Dansville, Michigan

We have audited the financial statements of the Village of Dansville as of and for the year ended February 29, 2008, and have issued our report thereon dated September 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Dansville's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Dansville's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

Findings:

- 2008-1** It is a requirement of GAAP that all entities have on staff at least one individual that can prepare their financial statements and notes to financial statements. The Village has decided it is more cost effective to outsource the preparation of its annual financial statements to the auditors rather than incur the time and expense of obtaining the necessary training and expertise required to prepare them internally. They are not in accordance with principles generally accepted in the United States.
- 2008-2** Auditor adjustments (which were approved and posted by management) in amounts material to the financial statements were necessary to correctly state the Village's general ledger to the appropriate balances. These included the recording of all accounts payable and accounts receivable.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Dansville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did disclose one instance of noncompliance.

Finding:

2008-1 During the course of our audit, we noted instances where expenditures were incurred in excess of amounts appropriated. This issue was noted in the General Fund. Michigan Public Act 621 of 1978, as amended, provides that the Council shall adopt formal budgets for the General and all Special Revenue funds and shall not incur expenditures in excess of the amounts appropriated. The budget must include all anticipated expenditures and the related revenue and fund equity to fund these expenditures. We recommend the Village Council monitor adopted budgets against actual expenditures and make adjustment as appropriate throughout the year.

We noted certain matters that we reported to management of the Village of Dansville in a separate letter dated September 1, 2008.

This report is intended solely for the information and use of management, the Village Council and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

East Lansing, Michigan
September 1, 2008